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Taiwan

Product Brief

Juice

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Report Highlights:
With 27 percent of total imports, the United States is the largest exporter of juice to Taiwan. In 1998, consumption of chilled 100 percent juices packed in PE bottles surged in response to strong health claims made for unsweetened, pure juice. While the juice market is now approaching maturity, opportunities still exist for promoting new flavors and blends of fruit juices and vegetable juices. Sales of ambient (shelf-stable) juices have been relatively flat in recent years.

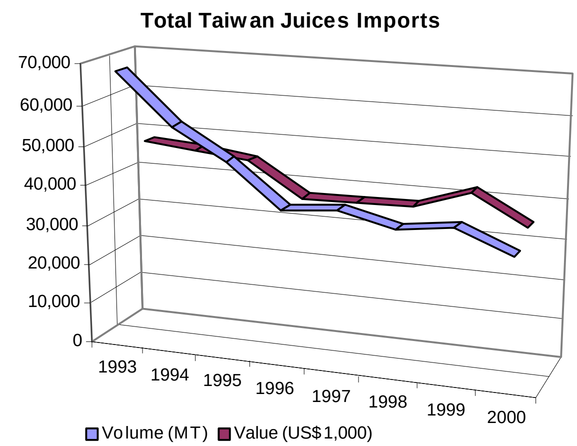
Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei ATO [TW2], TW

Executive Summary

With 27 percent of total imports, the United States is the largest exporter of juice to Taiwan. In 1998, consumption of chilled 100 percent juices packed in PE bottles surged in response to strong health claims made for unsweetened, pure juice. Major competitors include Brazil (21%), Israel (10%), Thailand (9%), Spain (7%), China (5%), and South Africa (4%). In terms of flavor, one third of the juice and juice drink imported is orange, followed by mixed fruits or fruits and vegetables (21%), grape (17%), coconut (11%), apple (9%), grapefruit (5%). While the juice market is now approaching maturity, opportunities still exist for promoting new flavors and blends of fruit juices and vegetable juices. Sales of ambient (shelf-stable) juices have been relatively flat in recent years.

Market Overview

Most of the juices consumed in Taiwan are produced locally with imported concentrate or nonfrozen concentrate (NFC) juices/juice drink products. Taiwan juice imports in 2000 were valued at US $ 34.5 million, declining from the peak of US $41.9 million in 1999. Juices imported from the US in 2000 were valued at US $9.3 million, representing 27% of total juice imports by value and 15% by quantity. While the quantity of imports has generally declined since 1993, the import value has actually increased over the period.



The non-alcoholic beverage market in Taiwan has been flat at around $46 billion NT (exchange rate 34.3NT=1USD) since 1995. Non-alcoholic beverage sales are dominated by tea drinks with 28% of the market, followed by carbonated drinks at 18%. The total juice category was about $7 billion NT in 2000[1], equal to about 15% of the market. Looking at chilled versus ambient (shelf stable) beverages overall, compared to ambient beverages, chilled beverages have been growing rapidly since 1998 when chilled 100% juice packaged in PE bottles was successfully launched.

The industry estimates that the ratio of ambient juice vs. chilled juice sales has been changing from 80:20 in 1995 to 50:50 in 2000, with chilled juice still growing. 100% juice accounts for 50% of the total sales and 24% of total volume. Diluted juice products (25-30% juice) represent 33% of sales and 50% of the volume. Light juice products (10% juice) represent 17% of sales and 26% of volume. Popular flavors by each juice subcategory in terms of sales are listed below:

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[1] "Market Opportunity & Future Development of the Chilled Beverages, 2000", *Food Industry Research & Development Institute*

All Juices*	100% Juices**	Diluted Juices*	Light Juices*
Orange (26%)	Orange (50%)	Orange (26%)	Asparagus (24%)
Asparagus (13%)	Grape (25%)	Asparagus (15%)	Mixed fruits (20%)
Grape (10%)	Grapefruit (15%)	Fruit & veg. blended (12%)	Star fruit (18%)
Guava (8%)	Apple (5%)	Guava (11%)	Guava (10%)
Apple (7%)	Others (5%)	Grape (10%)	Orange (10%)
Fruit & veg. blended (7%)		Apple (7%)	Apple (6%)
Star fruit (6%)		Plum (6%)	Grape (6%)
Mixed fruits (6%)			

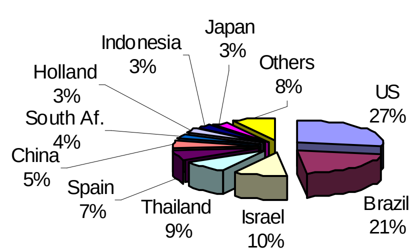
*Data provided by Taiwan Beverage Industries Association for the period of July-Dec. of 2000.
**Industry estimate.

Constraints	Opportunities
I. Strong price competition in the highly fragmented juice market II. Consumer unaware of/doesn't care about origin of juice III. Short product life cycle IV. Expensive to get the products into convenience stores, supermarkets and hypermarkets V. Relatively high price compared to other beverages caused by high tariff and tax	I. Blended fruit and vegetable juice show growth potential II. Juice products considered natural and healthy to consumers III. Differentiate US products based on consumer-relevant benefits IV. Introduce products with new flavors, tastes, or package configuration

Market Sector Opportunities And Threats
Trade and Competition

In 2000, Taiwan imported 31,581 metric tons of juices and juice drinks, valued at US$ 34.5 million. In terms of value, the US dominates the imported juice market with 27% of market share, followed by Brazil (21%), Israel (10%), Thailand (9%), Spain (7%), China (5%), and South Africa (4%). In terms of flavor, one third of the juice and juice drink imported is orange, followed by mixed fruits or fruits and vegetables (21%), grape (17%), coconut (11%), apple (9%), grapefruit (5%).

2000 Imported Juices Breakdown by Country



Total Taiwan Juice Imports in Value (US$1,000)

	1993	1994	1995	1996	1997	1998	1999	2000
US	$10,855	$12,068	$15,416	$11,981	$10,525	$10,686	$10,519	$9,262
World	$48,086	$46,877	$45,230	$36,893	$36,843	$37,356	$41,951	$34,516
US Market Share	23%	26%	34%	32%	29%	29%	25%	27%

Total Taiwan Juice Imports in Volume (MT)

	1993	1994	1995	1996	1997	1998	1999	2000
US	9,935	11,047	12,942	9,719	8,951	5,528	5,614	4,629
World	67,809	55,426	48,019	37,241	38,638	35,392	36,881	31,581
US Market Share	15%	20%	27%	26%	23%	16%	15%	15%

* Data Source: Directorate General of Customs, Ministry of Finance, R.O.C.

Juice drinks only represent 2% of the total juice imports in 2000. An overview of the juice imports from US versus main competitors by subcategory is as follows:

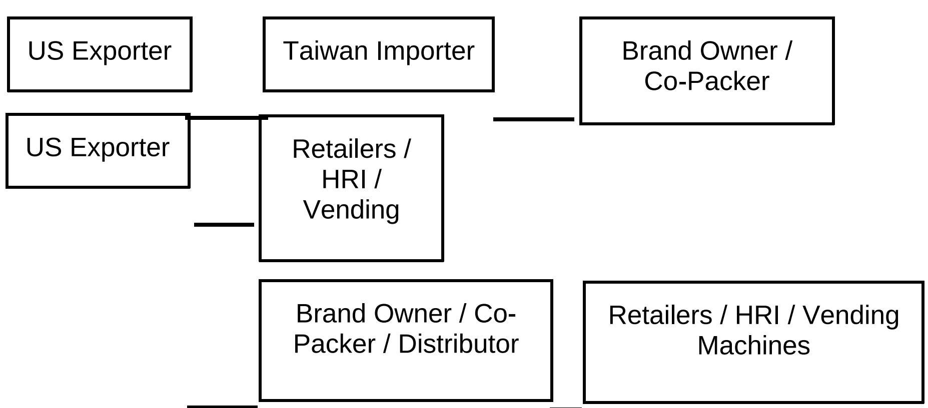
Flavor/percentage of all imports	Type	US Main competitor	US SOM**	Main Competitor SOM**
Orange juice (33%)	Concentrate, not frozen	Oman	78%	21%
	NFC, not frozen	Denmark	0%	63%
	Concentrate, frozen	Brazil	11%	60%
	NFC***, frozen	Australia	0%	100%
Grapefruit juice (5%)	Concentrate	Israel	17%	63%
	NFC	Spain	0%	84%
Other citrus juice (3%)	Concentrate	Israel	2%	49%
	NFC	Israel	34%	57%
Grape juice (17%)	Concentrate	Spain	46%	49%
	NFC	South Africa	34%	41%
Apple juice (9%)	Concentrate	China	11%	62%
	NFC	South Africa	33%	51%
Pineapple juice (1%)	Concentrate	Thailand	2%	86%
	NFC	Philippines	0%	86%
Mango juice (1%)	Concentrate	Oman	0%	61%
	NFC	Philippines	0%	63%

Tomato juice (<1%)	Concentrate	Chile	0%	72%
	NFC	Korea	35%	63%
Coconut (11%)	All	Thailand	0%	75%
Any other single fruit or vegetable juice (9%)	NFC	Brazil	28%	23%
Mixtures of juices (9%)	Concentrate	Oman	10%	46%
	NFC	South Africa	86%	10%
Mixtures of juices for use as infant food (1%)	All	Germany	80%	9%
Any single fruit / veg. juice for use as infant food (1%)	All	Japan	80%	16%
Other fruit juice for drinking maker use (1%)	Concentrate	France	89%	10%

* Data Source: Directorate General of Customs, Ministry of Finance, R.O.C.
**(SOM) Share of Market
***(NFC) Not from Concentrate

Distribution Channels

Juices or juice drinks are available to consumers in convenience stores, super/hypermarkets, small mom and pop shops, restaurants, hotels, schools, army PX's, vending machines, and other channels like betel nut shops. The industry estimates that about 25% of all juice and juice products are sold through convenience stores, 25% through supermarkets, 15% through hypermarkets, 10% through mom and pop shops, 20% through the HRI segment, and 5% through vending machines. For chilled juice/juice drink products, convenience stores are the most important distribution channel representing 32% of the total sales. Ambient juice products sold through convenience stores are sold mostly in small Tetra Pak 250-375cc and put in a closed cooler for ready to drink. Chilled juices are mostly in PE plastic bottles or gable top 400-450cc priced at 35-40 NT and put in an open chilled case close to the sandwich/lunch box section.



Industry Preferences and Trends

Although a lot of new juice/juice drink products (total of 107)[2] were introduced in year 2000 (versus 123 in year 1999), the growth of the 100% juice category slowed down in 2000. The category is reported to be approaching maturity and price competition has driven some products out of the market very quickly. Only those brands with economic scale or the ability to differentiate themselves from competition survived. The three major brand owners--Uni-president, Weichuan, and Kuang Chuan--together account for over half of juice sales. Fragmentation of a category is a mark of maturation and places a premium on those companies that can identify growth niches and differentiate their products through innovation. New flavors with growth potential are mixed fruit juices, fruit and vegetable blended juices, and traditional ambient flavors like watermelon and star fruit.

Taste and cost are the most important factors for the brand owners in purchasing materials abroad. Brand owners have worked with their concentrate importers or their foreign juice suppliers (e.g. Brazil) in developing new flavors that hopefully fit consumers' changing tastes. However, premium products may have opportunities as consumers look for novelty, taste, and quality. Worth noting is that Taiwan juice is also exported to Hong Kong, Japan, the US, Macao, and Singapore with an export value of $570 million NT in 2000, equal to about 8% of the total domestic production. To create brand image or recognition, currently brand owners use heavy advertising for their juice products. And the most common promotion employed is price off. Market entry strategies for US juice exporters are as follows:

I. Work with local juice brand owners to develop products with unique benefits to consumers.
II. License to local co-packers to develop US-branded products that suit local tastes.
III. Work with distributors to create consumer awareness of US origin juices/juice products and their product attributes/nutritional benefits.

Consumer Preferences And Trends

Females are reported to be more likely to buy juice/juice products than males. Although the habit of drinking juice (especially orange juice) for breakfast is increasing, juices or juice drinks are still primarily consumed as a refreshment or thirst quencher since Taiwan has a relatively warm climate. However, purchasers of juice at convenience stores--age 20-40 and mostly female--tend to buy juice/juice drinks at meal times (1100:am–1:00pm, and 7:00-9:00am). Although taste and freshness are the most important factors in their purchase decision-making, consumers tend to buy the brands they recognize from advertising. In terms of taste, Taiwan consumers prefer a little sweeter taste for citrus juices, and a little less sweet for other juices or juice drinks, compared to their counterparts in the US. Consumers are generally unaware of the product origin, specific health benefits of juices, and chilled vs. ambient products in a cooler. And some do not even pay attention as to whether the product is 100%, 30% or 10% juice. In terms of packaging preference, the popularity of the PE plastic bottle shows that consumers prefer to be able to see the color of the product and in this way perceive the juice to be fresher. At the present there are limited NFC 100% juice products available through retail stores, because the high tariff on juice imports makes it difficult for NFC 100% juice to compete with the freshly squeezed juice purchased at stands. These stands are concentrated in work or market areas and are especially popular during the summer time. Other future trends identified[3] are as follows:

[2] "2000 New Beverage Products Overview, "*Food Industry Research & Development Institute*
[3] Chen-yao Wu, "1999 Taiwan Beverage Market Production and Sales Statistics & Future Trends", *Chinese Food Industry Magazine*

I. Packaging size tends to be either for single serve or large family pack
II. Fresh (e.g. freshly squeezed, NFC, new technology, etc.)
III. High quality-value positioning based on high quality fruits used for juicing
IV. Healthy (emphasize the nutritional benefits)
V. Consumers are always looking for new beverage products

Costs And Prices

There are no quotas in effect for juice/juice drink imports. The following is a list of harmonized system codes and the respective import tariffs for imported juices/juice drinks. The import tariff is levied on a CIF basis, ad valorem, unless it is otherwise indicated. Imports are subject to random inspection upon entry by Taiwan authorities.

Tariff Item #	Description of Products	Rate of Duty (for US)		
		Current	WTO Accession	WTO Final
20091110	OJ, NFC, frozen	40%	35%	30%
20091120	OJ, concentrate, frozen, bulk	40%	35%	22.5%
20091120	OJ, concentrate, frozen, other	40%	35%	30%
20091910	OJ, NFC, not frozen	40%	40%	35%
20091920	OJ, concentrate, not frozen	40%	40%	35%
20092000	Grapefruit juice, bulk	40%	35%	22.5%
20092000	Grapefruit juice, other	40%	35%	30%
20093000	Any other single citrus juice	40%	35%	30%
20094010	Pineapple juice, NFC	40%	35%	30%
20094020	Pineapple juice, concentrate	40%	35%	30%
20095010	Tomato juice	40%	35%	30%
20096010	Grape juice, NFC	40%	35%	30%
20096020	Grape juice, concentrate, bulk	40%	35%	22.5%
20096020	Grape juice, concentrate, other	40%	35%	30%
20097010	Apple juice, NFC	40%	35%	30%
20097020	Apple juice, concentrate	40%	35%	30%
20098010	Mango juice	40%	40%	35%
20098091	Coconut juice	40%	35%	30%
20098092	Juice of any single fruit or vegetable for use as infant food	7.5%	6.5%	5.0%
20099010	Mixtures of juices	35%	35%	30%
20099020	Mixtures of juices for use as infant food	7.5%	6.5%	5.0%
20169070	Concentrated fruit juice for drinking maker use, not including falling within heading No. 2009	35%	29%	25%

22029011-9016, 9022-9026, 9030	Drinks of orange, grapefruit, pineapple, tomato, grape, apple, and vegetable juices	33%	25%	20%
22029019, 22029029	Other fruit juice drink	33%	20%	20%
22029021	Orange juice drink, soft	33%	30%	25%
22029090	Mixed fruit & vegetable juice drink	10%	10%	10%

There are also several miscellaneous fees, as listed below:

Harbor construction fee	0.3% of CIF value (sea shipment only)
Trade promotion fee	0.0425% of CIF value
Customs clearance fee per shipment	NT $3,500 (Approximately US$114)

Market Access

Labeling Requirements:

According to Taiwan's Law Governing Food Sanitation, promulgated in 1975 and amended in 1998, pre-packed foods or food additives shall conspicuously indicate in Chinese and common symbols the following material facts on the container or packaging:

I. Product name
II. Name, weight, volume or quantity of the content or, in the case of a mixture of two or more ingredients, each of the ingredients
III. Name of food additive
IV. Name, telephone number, and address of the manufacturer and importer
V. Expiry date (year, month,date) must be printed in that order.To distinguish the month from the date, the Chinese characters for "month" and"date" may be included on the label. Date of manufacture, shelf life, and conditions of storage may also be used, if required by the health authorities.
VI. For those, which need change of packages, repackaging or processing otherwise domestically, the Chinese labeling may be completed prior to sale.

Key Contacts: Taiwan Importers of Juices/Juice Drinks

To obtain a list of Taiwan importers, please contact:

Agricultural Trade Office
AIT Taipei
54 Nanhai Road
Taipei, Taiwan
Tel: (886-2) 2305-4883 ext. 248
Fax: (886-2) 2305-7073
Email: ato@mail.ait.org.tw